

**Senate File 313 - Introduced**

SENATE FILE 313

BY DAWSON

**A BILL FOR**

1 An Act relating to evidence of title by state banks for certain  
2 loans.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 524.905, subsection 1, Code 2019, is  
2 amended to read as follows:

3 1. *Rules for loans.* A state bank may make permanent loans,  
4 construction loans, or combined construction and permanent  
5 loans, secured by liens on real property, as authorized by  
6 rules adopted by the superintendent under [chapter 17A](#).

7 a. The rules shall include provisions as necessary to ensure  
8 the safety and soundness of these loans, and to ensure full and  
9 fair disclosure to borrowers of the effects of provisions in  
10 agreements for these loans, including provisions permitting  
11 change or adjustment of any terms of a loan, provisions  
12 permitting, requiring, or prohibiting repayment of a loan on  
13 a basis other than of equal periodic installments of interest  
14 plus principal over a fixed term, provisions imposing penalties  
15 for the borrower's noncompliance with requirements of a loan  
16 agreement, or provisions allowing or requiring a borrower to  
17 choose from alternative courses of action at any time during  
18 the effectiveness of a loan agreement.

19 b. The rules shall provide that state banks, when loaning  
20 for the purposes of acquisition or refinance of acquisition  
21 when a new mortgage, deed of trust, or other similar instrument  
22 is filed, may evidence title with any of the following:

23 (1) A written legal opinion prepared by an attorney admitted  
24 to practice law in the state where the real property is  
25 located.

26 (2) A title guaranty certificate issued by the title  
27 guaranty division of the Iowa finance authority.

28 (3) A commercial title insurance policy describing any  
29 liens and insuring title to the real property and the validity  
30 and enforceability of the mortgage, deed of trust, or other  
31 similar instrument as a lien on the real property.

32 EXPLANATION

33 The inclusion of this explanation does not constitute agreement with  
34 the explanation's substance by the members of the general assembly.

35 This bill provides that the Iowa superintendent of banking

1 shall adopt rules allowing state banks, when loaning for  
2 the purposes of acquisition or refinance of acquisition  
3 when a new mortgage, deed, or other similar instrument is  
4 filed, to evidence title with a written legal opinion from  
5 an attorney admitted to practice law in the state where the  
6 property is located, a title guaranty certificate issued by  
7 the title guaranty division of the Iowa finance authority,  
8 or a commercial title insurance policy insuring title to the  
9 property and the validity of the new instrument as a lien on  
10 the property.